

Message Text

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PAGE 01 BUENOS 05755 01 OF 02 022137Z

64

ACTION EB-07

INFO OCT-01 ARA-06 IO-13 ISO-00 AGRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /100 W

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R 021844Z SEP 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6947

INFO AMEMBASSY BOGOTA

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMEMBASSY CARACAS

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SAN JOSE

MTN GENEVA 430

AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: ETRD, CO

SUBJECT: TRADE POLICY TEAM CONSULTATIONS WITH COLOMBIA

1. TRADE POLICY TEAM LED BY DEPUTY SPECIAL TRADE REPRESENTATIVE, AMBASSADOR YEUTTER, MET WITH COLOMBIAN OFFICIALS IN BOGOTA AUGUST 30 TO DISCUSS THE MULTILATERAL TRADE NEGOTIATIONS (MTN) COLOMBIAN DELEGATION INCLUDED OFFICIALS FROM FOREIGN TRADE INSTITUTE (INCOMEX), EXPORT PROMOTION FUND, AND MINISTRIES OF FOREIGN AFFAIRS AND DEVELOPMENT. PRINCIPAL SPOKESMAN FOR GOC WAS RAUL GUTIERREZ, INCOMEX DEPUTY DIRECTOR FOR TRADE POLICY, WITH PARTICIPATION BY ALBERTO GALEANO AND ANTONIO

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PAGE 02 BUENOS 05755 01 OF 02 022137Z

URDINOLA, OUTGOING AND INCOMING DIRECTORS OF INCOMEX, RESPECTIVELY.

2. AMBASSADOR YEUTTER INITIATED DISCUSSION WITH A GENERAL REVIEW OF STATUS OF MTN, HIGHLIGHTING POSSIBLE MEETING OF TRADE NEGOTIATIONS COMMITTEE IN MARCH-APRIL, 1977 AND NEED TO PROGRESS RAPIDLY IN ORDER TO COMPLETE MTN BY END OF 1977. HE ALSO NOTED COLOMBIA AND OTHER LATIN AMERICAN COUNTRIES SHOULD FIND ACTIVE MTN PARTICIPATION TO BE IN THEIR OWN INTEREST, PARTICULARLY IN AREAS SUCH AS REDUCTION OF EUROPEAN COMMUNITY AGRICULTURAL BARRIERS.

3. TARIFFS - AMBASSADOR YEUTTER NOTED THAT WHILE TARIFF CUTS WERE NOT ONLY IMPORTANT OBJECTIVE IN MTN AS THEY HAD BEEN IN PREVIOUS ROUNDS, THEY ARE STILL SIGNIFICANT PSYCHOLOGICALLY AND IN CERTAIN PRODUCT AREAS, SUCH AS AGRICULTURE. HE INDICATED THAT U.S. FORMULA OFFERS DEEPER CUTS THAN EITHER THE EC OR ANTICIPATED JAPANESE FORMULA, AND U.S. CANNOT ACCEPT A FORMULA WHICH DOES NOT INCLUDE AGRICULTURAL TARIFFS. GOC OFFICIALS RESPONDED THAT THEY CONSIDER TARIFF REDUCTIONS TO BE OF SECONDARY IMPORTANCE TO ELIMINATING NTB'S WHICH THEY VIEW AS PRINCIPAL OBSTACLE TO FUTURE EXPANSION OF TRADE. THEY SEEK SPECIAL AND DIFFERENTIAL TREATMENT (S AND D) IN TARIFF NEGOTIATIONS WHICH WOULD MAINTAIN PREFERENCE MARGINS WHEREVER POSSIBLE. IN ITEMS NOT ON GSP THEY SEEK MAXIMUM REDUCTIONS. USDEL INDICATED OPPOSITION TO NON-LIBERALIZING MEASURES TO MAINTAIN PREFERENCE MARGINS, ADVANTAGES OF BOUND, MFN TARIFF RATES OVER UNILATERAL PREFERENCE SYSTEMS, AND LACK OF LEGISLATIVE AUTHORITY TO BIND EITHER PREFERENCE MARGINS OR RATES. GOC EXPRESSED SUPPORT FOR EC POSITION ON S&D IN TARIFFS GROUP WHICH INCLUDED NON-TRADE-LIBERALIZING MEASURES TO REDUCE EROSION OF PREFERENCE MARGINS BY THE TARIFF FORMULA. US ACCEPTS PRINCIPLE OF S AND D IN TARIFF GROUP NEGOTIATIONS BUT PREFERS MECHANISMS WHICH WILL RESULT IN GREATER OVERALL TRADE LIBERALIZATIONS SUCH AS LIMITED EXCEPTIONS AND DEEPER THAN FORMULA CUTS. GOC INQUIRED AS TO POSSIBILITY OF EXCLUDING LDC'S FROM FORMULA CUTS IN AGRICULTURE AND OF HAVING NEGOTIATIONS ON A PRODUCT BY PRODUCT BASIS. USDEL RESPONDED THAT ANY COLOMBIAN SUGGESTIONS WOULD BE WELCOMED, ESPECIALLY RE SPECIFIC PRODUCTS OF PARTICULAR TRADE INTEREST. WE WOULD TRY TO ACCOMMODATE SPECIFIC LDC INTERESTS WHEREVER POSSIBLE, NOTING THAT US HAD ALREADY TABLED A PROPOSAL FOR CROSS NOTIFICATION LIMITED OFFICIAL USE

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PAGE 03 BUENOS 05755 01 OF 02 022137Z

OF PRODUCTS OF INTEREST TO DC'S AND LDC'S IN TARIFFS GROUP.

4. ANDEAN PACT - GOC OFFICIALS SUBSEQUENTLY REVIEWED STATUS OF ANDEAN PACT NEGOTIATIONS ON SECTORAL ARRANGEMENTS AND COMMON EXTERNAL TARIFF (CXT). THEY INDICATED THAT PROPOSED MINIMUM CXT WITH RANGE OF 0-60 PERCENT WOULD IN SOME CASES REQUIRE MEMBERS TO RAISE TARIFFS ON SPECIFIC ITEMS. MEETING IS SCHEDULED FOR SEPTEMBER 14 IN LIMA TO SEE

IF CHILEAN DISAGREEMENT WITH POSITION OF OTHER FIVE CAN BE WORKED OUT. AT MEETING ON SEPTEMBER 20, CONSIDERATION WILL BE GIVEN TO THE QUESTION OF COORDINATING THE PACT CXT WITH MTN TARIFF CUTS. QUESTION WILL BE CONSIDERED OF WHETHER A JOINT POSITION AND SPOKESMAN WILL BE DESIGNATED FOR THE GROUP IN THE MTN . SIMILARLY, THE GROUP WILL HAVE TO CONSIDER THE RELATIONSHIP OF THE PACT TO THE GATT SINCE TWO COUNTRIES ARE MEMBERS, (CHILE, PERU). ONE HAS PROVISIONAL STATUS, (COLOMBIA) AND THREE ARE NOT MEMBERS, (VENEZUELA, ECUADOR, BOLIVIA).

5. TROPICAL PRODUCTS - AFTER REVIEWING RATIONALE IN PREPARATION OF US OFFER IN TROPICAL PRODUCTS GROUP, USDEL INDICATED THAT AT JUNE 30 MEETING OF TP GROUP US HAD STATED THAT BOTH ITS INITIAL TP OFFER AND THE SPECIFIC CONTRIBUTIONS IT WAS SEEKING FROM THE PRINCIPAL BENEFICIARIES OF ITS TP OFFER WERE NEGOTIABLE, BUT THAT THE U.S. WOULD NOT AGREE TO CONCESSIONS IN TP GROUP NEGOTIATIONS WITHOUT APPROPRIATE CONTRIBUTIONS FROM BENEFICIARY COUNTRIES. COLOMBIANS STRONGLY EMPHASIZED DESIRE FOR CONCESSION ON TOBACCO AND FRESH CUT FLOWERS WHICH WERE "VITAL" FOR THEM. GOC HAD SECONDARY INTEREST IN CERTAIN CANDIES AND PASSION FRUIT JUICE, BUT PLANS FOR DEVELOPMENT OF PINEAPPLE EXPORTS HAD NOT PROGRESSED. GOC SEEKING TO ASCERTAIN IF YAMS WERE ITS PRINCIPAL TRADE INTEREST IN EX-OUT OFFERED. GOC INDICATED IT DID NOT HAVE ANY PARTICULAR PROBLEM WITH THE PRODUCT ON WHICH THE US HAD SOUGHT A CONTRIBUTION. GOC DID NOT, HOWEVER, TAKE A POSITION AS TO WHETHER ANY CONTRIBUTION IT MAKES COULD BE IN THE TP NEGOTIATIONS OR AT END OF MTN. GUTIERREZ DID STATE HOWEVER, THAT COLOMBIA COULD POSSIBLY TAKE A POSITION DIFFERENT FROM THAT OF THE G-77 BUT WOULD HAVE TO GIVE SERIOUS THOUGHT TO SUCH A DECISION, IMPLYING THAT GOC WOULD BE WILLING TO CONTRIBUTE IN TP GROUP IF US OFFER DEEMED SUFFICIENTLY ATTRACTIVE. USDEL NOTED THAT TOBACCO AND FRESH CUT FLOWERS WOULD LIMITED OFFICIAL USE

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PAGE 04 BUENOS 05755 01 OF 02 022137Z

BE DIFFICULT TO NEGOTIATE WITHIN PARAMETERS OF TP GROUP, AND SUGGESTED THAT THEY MIGHT BE MORE SUITABLE FOR NEGOTIATION IN TARIFFS GROUP. USDEL ALSO SUGGESTED GOC MIGHT WISH REVIEW US TP OFFER AND COLOMBIA'S TP REQUEST LIST TO ENSURE THAT ALL RELEVANT PRODUCTS IN WHICH COLOMBIA HAD AN INTEREST HAD BEEN REQUESTED. USDEL THEN STRESSED IMPORTANCE THAT RESULTS OF TP GROUP NEGOTIATIONS WOULD HAVE IN DEMONSTRATING THAT OTHER COUNTRIES, INCLUDING LDC'S WERE WILLING TO MAKE CONTRIBUTIONS TO LIBERALIZING WORLD TRADE RATHER THAN EXPECTING UNILATERAL U.S. CONCESSIONS.

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PAGE 01 BUENOS 05755 02 OF 02 022146Z

64

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LIMITED OFFICIAL USE SECTION 2 OF 2 BUENOS AIRES 5755

6. SUBSIDIES - COUNTERVAILING DUTY CODE - AMBASSADOR
YEUTTER INDICATED THAT THIS COULD BE THE MOST DIFFICULT SUBJECT
IN THE MTN. PRESENT GATT ARTICLES ARE VERY DEFICIENT. THE
US BELIEVES THERE IS NO JUSTIFICATION FOR DEVELOPED COUNTRY
SUBSIDIES; LDC'S PROBABLY USE SUBSIDIES MORE THAN NECESSARY.
US PROPOSAL DOES RECOGNIZE SPECIAL NEEDS OF DEVELOPING
COUNTRIES FOR DEVELOPING NEW MARKETS IN A LIMITED TIME FRAME,
AND DOES PROFICE FOR S AND D IN THIS AREA. USDEL INDICATED A
NEED FOR A DEFINITION OF SUBSIDY PRACTICES IN PROPOSED CODE,
RATHER THAN LISTING PRESENT SPECIFIC PRACTICES. COLOMBIAN DEL.
RESPONDED THAT THEY CONSIDER NON-TARIFF ISSUES, SUCH AS COUNTER-
VAILING DUTY AND SAFEGUARDS, MOST IMPORTANT IN MTN SINCE THE
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PAGE 02 BUENOS 05755 02 OF 02 022146Z

AREAS ARE WHERE PRESENT BARRIERS TO THEIR TRADE ARE AND WHERE FUTURE BARRIERS WILL BE, AND THAT THESE AREAS ARE THE ONES IN WHICH S AND D IS MOST NEEDED. THEY STRESSED THAT LDC INDUSTRIES ARE SIGNIFICANTLY WEAKER THAN THOSE IN DC'S, THAT EXPORTS ARE OF GREATER RELATIVE IMPORTANCE TO LDC'S ECONOMIES; AND THAT LDC SUBSIDIES INVOLVE SIGNIFICANT SACRIFICE FOR DEVELOPMENT PURPOSES. AS EXPECTED THEY REFERRED TO THE CUT FLOWER ISSUE SEVERAL TIMES, BUT DID NOT DWELL ON DETAIL. THERE APPEARED TO BE LITTLE DIFFERENCE IN THE U.S. AND COLOMBIAN POSITIONS AS DISCUSSED, ALTHOUGH THE GOC DID VOICE CONCERN OVER HOW A CODE MIGHT BE IMPLEMENTED.

7. SAFEGUARDS: THE SAFEGUARDS DISCUSSION PARALLELED THAT OF SUBSIDIES - CVD, WITH CERTAIN AREAS OF AGREEMENT IN APPROACH. USDEL INDICATED U.S. POSITION NOT YET FULLY DEFINED, BUT WOULD INCLUDE S AND D WHERE FEASIBLE AND APPROPRIATE. THE GOC SUGGESTED THAT CONSIDERATION BE GIVEN TO RELATIVE IMPORTANCE OF PRODUCT SUBJECTED TO SAFEGUARDS IN OVERALL EXPORT PICTURE OF LDC. URDINOLA ALSO APPEARED TO BE SUGGESTING A GUARANTEED EXPORT LEVEL FOR LDC'S BELOW WHICH SAFEGUARDS WOULD NOT BE APPLIED, BUT THIS POINT WAS NOT FULLY DEVELOPED. GUTIERREZ ON SEVERAL OCCASIONS VOICED CONCERN THAT THE U.S. WOULD CEDE TO DOMESTIC PRESSURE AND NOT AGREE TO SIGNIFICANT S AND D IN SAFEGUARDS AND SUBSIDIES - CVD CODES.

8. FRAMEWORK IMPROVEMENT: AMBASSADOR YEUTTER REVIEWED THE U.S. POSITION REGARDING THE BRAZILIAN PROPOSAL FOR A FRAMEWORK IMPROVEMENT GROUP IN THE MTN, AND NOTED THAT ARTICLE I WILL PROBABLY PRESENT THE MOST DIFFICULTY. COLOMBIAN DELEGATION THEN NOTED THAT IT BELIEVES THAT A REFORM GROUP SHOULD CONSIDER THE VALIDITY OF THE WHOLE MFN CONCEPT. COLOMBIA BELIEVES THAT COUNTRIES ARE INHERENTLY NOT EQUAL AND A TRADE DOCUMENT WHICH DOES NOT ADEQUATELY DEAL WITH THIS INEQUALITY IS NOT REALISTIC. AMBASSADOR YEUTTER EXPRESSED THE U.S. HOPE THAT MOST COUNTRIES, INCLUDING COLOMBIA, WOULD JOIN THE GATT ON CONCLUSION OF THE MTN. IN RESPONSE TO THE COLOMBIAN STRESS ON S AND D, HE NOTED THAT THE U.S. COULD AGREE TO S AND D, BUT THAT ALSO WE MUST INSIST ON GRADUAL ASSUMPTION OF GATT OBLIGATIONS.

9. OTHER: USDEL INDICATED THAT GOVERNMENT PROCUREMENT, LIMITED OFFICIAL USE

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PAGE 03 BUENOS 05755 02 OF 02 022146Z

STANDARDS, AND QUANTITATIVE RESTRICTIONS WILL SOON RECEIVE INCREASED ATTENTION IN GENEVA. HE NOTED THAT THE PROCUREMENT NEGOTIATIONS COULD OFFER SIGNIFICANT BENEFITS TO LDC'S; THAT S AND D DOES NOT APPEAR APPLICABLE TO STANDARDS (ALTHOUGH TECHNICAL ASSISTANCE IN MEETING STANDARDS MAY BE POSSIBLE), AND THAT QU'S NEED MULTILATERAL EFFORT IN ADDITION TO THE BILATERAL

EFFORTS NOW UNDERWAY. THE GOC DID NOT HAVE POSITIONS ON THESE MATTERS BUT INDICATED GREATER CONCERN OVER IMPLEMENTATION OF THE CODES RATHER THAN CONTENT THEREOF. BOTH SIDES AGREED ON THE NEED FOR PUBLIC PROCEEDINGS IN ADMINISTRATION OF THE CODES. IN RESPONSE TO THE U.S. INQUIRY, GOC STATED THAT TIME REQUIRED FOR IMPORT LICENSE APPROVAL HAS BEEN REDUCED TO 8 WORKING DAYS AND CUSTOMS CLEARANCE HAS ALSO BEEN SPEEDED UP. NO POSSIBILITY OF REMOVING THE CONSULAR INVOICE REQUIREMENT WAS SEEN IN THE NEAR FUTURE. USDEL STATED THEY WOULD BRING TO GOC ATTENTION ANY PRIVATE SECTOR COMPLAINT OVER DELAYS.

10. COMMENT: TRACE TEAM WAS QUITE FAVORABLY IMPRESSED BY DEPTH OF COLOMBIAN UNDERSTANDING OF MTN. GUTIERREZ WAS PARTICULARLY IMPRESSIVE, BUT AT LEAST HALF-DOZEN OTHER PARTICIPANTS WERE ALSO QUITE CONVERSANT IN WIDE RANGE OF MTN ISSUES. MOST QUESTIONS WERE QUITE PERCEPTIVE. COLOMBIA CAN CLEARLY PLAY A SIGNIFICANT NOTE IN MTN WITH GREATER RELIANCE ON REALSM THAN POLEMICS AND U.S. SHOULD MAKE EVERY EFFORT TO CONTINUE CONSULTATION WITH GOC.

11. USDEL APPRECIATES EXCELLENT ARRANGEMENTS BY EMBASSY.
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